UNCLASSIFIED
(Classification)

DO NOT TYPE IN THIS SPACE
845h.00/3-2751

FOREIGN SERVICE DESPATCH

FROM : AMCONSUL, LAGOS, NIGERIA — 580 DESP. NO. — March 27, 1951 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON. — AIR POUCH PRIORITY — 58

REF : OOA59 - July 19, 1949

SUBJECT: Annual Economic Report for Nigeria, 1950

INFO: TR XMB BU CL

For Dept. Use Only: REC'D APR 9

ACTION: *COM INFO FR *NEA OLI

INFO: *AG ECA *FRB ICC *IN *LAB NSRB SEC *TAR

CONTENTS

		Page	DPA
I.	General Introduction	2	mls
II.	Internal Trade and Commerce	4	
	(a) Agriculture	4	
	(b) Mines and Mining..	12	
	(c) Forest Products...	14	
	(d) Hides and Skins...	15	
	(e) Commodity Supply Situation..	17	
	(f) Labor Problems....	18	
	(g) Building and Construction...	20	
	(h) Transportation and Communications	21	
III.	Development and Industrialization....	24	
	(a) Government-sponsored Development Projects	24	
	(b) Commercial Industrialization	26	
IV.	Foreign Trade and Commercial Policy..	27	
	(a) Import - Export Trade	27	
	(b) Commercial Policy	28	
V.	Finance	29	
	(a) Money and Banking	29	
	(b) Taxation	30	
	(c) Government Finance	31	

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY Edw Holmes DATE 7/16/80
RDS☐or XDS☐EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☒
RELEASE DENIED☐
PA or FOI EXEMPTIONS
APR 14 1951

845H.00/3-2751
FILED

EDCrowley:mos
REPORTER(S)

UNCLASSIFIED
PREPARATION TIME

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

SECURITY :

DECLASSIFIED

I. General Introduction

The tapering off of boom conditions which was expected to take place in 1950 did not materialize largely owing to the Korean War which sharply increased demand for Nigerian produce and raw materials. The trade position of Nigeria was, therefore, very favorable and prices received by the various marketing boards exceeded expectations. The value of exports in 1950 was £87,203,000 (including re-exports) compared with £80,241,000* in 1949. Exports to the United States in 1950 were £13,206,000 compared with £7,557,000 in 1949. Imports were valued at £60,523,000 compared with £57,539,000 in 1949. Of this amount £2,487,000 represents imports from the United States compared with £2,436,000 in 1949.

However, increases in the value of foreign trade do not give a true picture owing to the devaluation of 1949 and the increase of prices during 1950. On the other hand in spite of the fact that the peanut crop, one of the major export crops in weight and value was relatively poor in 1950, the volume of goods loaded and unloaded at the various ports increased from 1,488,069 tons loaded and 941,720 tons unloaded in 1949 to 1,450,158 loaded and 1,069,000 unloaded in 1950.

The steady increase of prices was a source of considerable labor unrest during the year although nothing so serious as the riots in Enugu in the fall of 1949. Dissension within the labor movement brought the various unions to practical disintegration by the end of 1950 following an unsuccessful strike of mercantile workers.

By the middle of 1950 Nigeria was in the best supply situation since the end of the war and there was hope that all shortages would disappear within a short time. The beginning of the Korean War ended this optimistic estimate and by the end of the year the supply position was becoming increasingly tight with deliveries being delayed more and more as time went on. This piling up of purchasing power within the country without the possibility of spending it is sure to result in inflationary forces. The pricing policies of the various marketing boards will, however, tend to discourage this trend.

The failure of the peanut crop in Northern Nigeria during the 1949-1950 season greatly decreased the purchasing power of that part of the country where peanut exports are a major source of cash. The outlook for 1950-1951 is even worse and some concern is being felt for business throughout that part of the country.

For the moment no end can be seen to the present boom economy which is not welcomed by most authorities since it has been the constant aim of the Government to stabilize producer prices and to cut out economic fluctuations so far as possible. Even so prices for

*All trade statistics in this report have been re-evaluated by the Nigerian Department of Statistics and will not bear comparisons with figures quoted in previous reports.

DECLASSIFIED

all agricultural products were increased during 1950. In addition the various marketing boards are believed by the end of the year to have amassed reserves of upwards of £50,000,000. Some are, however, beginning to question the value of high prices when the supplies of goods to buy are not obtainable.

DECLASSIFIED

SECURITY :

DECLASSIFIED

II. Internal Trade and Commer

(a) Agriculture

In general there was little change in Nigerian agricultural production in 1950 as compared with 1949 except in the case of peanuts, the 1949-1950 crop being only 180,000 tons compared with a normal crop of about 300,000 tons over the previous four or five years.

Weather conditions were not particularly favorable during 1950 owing to the fact that the summer rains usually expected in June did not really begin until early September. This did not have any noticeable effect on crops in Southern Nigeria where rainfall is usually adequate and the dry season is not so severe. However, in the North although the total rainfall in the Kano region (the largest peanut producing area) was 33 inches compared with the 1927-1946 average of 34.19 inches the late rains caused a complete failure of the so-called volunteer crop resulting in drastic reduction of the export crop.

The Government continues to orient its agricultural policy towards the increase of production and the improvement of quality. The fact that the volume of agricultural exports has for the most part not increased for many years is a source of considerable concern in the country with a rapidly increasing population. The density of population in the Eastern Provinces is particularly serious and efforts are being made to arrange for the introduction of new crops in that region and the movement of population from most heavily populated centers to those more thinly populated.

Coco

The cocoa crop continues to be the chief dollar earner of Nigeria and the crop to which the Nigerian Department of Agriculture probably devotes the greater part of its attention. The 1949-1950 cocoa crop amounted to about 100,000 long tons of 2240 lbs. which is about normal although slightly under the crop of 108,000 tons for the previous year. At the same time the quality of cocoa is reported to be showing marked improvement. Grade III was deleted as unacceptable by the Cocoa Marketing Board for purchase from the 1950-1951 crop. The following is a breakdown of the 1949-1950 crop by grade:

Western Area

Grades	Main Crop	Light Crop
I	79,968	5,232
II	6,405	3,041
III	40	54

DECLASSIFIED

Eastern Area

Grades	Main Crop	Light Crop
I	3,345	19
II	895	9
III	18	-

It is reported that 98% of the deliveries of the new crop are in GradeI.

As evidence of the deep interest of the Government in the cocoa crop a separate Deputy Director of Agriculture for Cocoa was appointed in 1950 separating this product from the control of the Deputy Director for the Western Provinces. A new policy has been adopted for dealing with the swollen shoot disease in the place of the former policy of indiscriminate cutting out of trees. It was realized that the facilities that are available are inadequate to attempt ferreting out all the diseased trees. It was decided to more or less forget those areas where the disease was so serious as to be considered beyond control and concentrating efforts on eradicating any cases which arise in unaffected and lightly affected areas.

The semi-annual report of the cocoa board for the period October, 1949 to March, 1950 reveals that Black Pod is also making heavy inroads on the crop. It is estimated that crop losses amounting to three to four million pounds were experienced during the 1949-1950 season. Up to March 31, 1950 the Board spent £180,166 as recompense for cutting out 1,416,923 trees.

Another problem discussed in the report was the replacement of old trees. It was pointed out that in the next twenty years about 130,000 acres of cocoa in Oyo Province which produces 60% of the Western Provinces crop will pass out of production or cease to yield an economic return.

Owing to the devaluation and to the higher world prices for cocoa the Cocoa Marketing Board was able to grant a marked increase in producer prices for the 1950-1951 crop. These prices are the equivalents of those offered for the 1947-1948 crops £120 per ton Grade I and £115 per ton Grade II. Even so it is believed that the board is adding substantial amounts to its reserves. Over and above its usual development contributions the Board contributed the sum of £1,000,000 to the University College School of Agriculture at Ibadan during 1950. Up until the present time this Board has spent its development funds directly without passing through the three regional production development boards. It has now been proposed that it conform to the practice of most of the other marketing boards in handling this kind of work through the production development boards.

During 1950 99,947 long tons of cocoa valued at £18,984,000 were exported from Nigeria of which 52,880 tons were destined for the United States compared with the previous year's exports of

103,638 tons. During the year the arrangement by which the British Ministry of Supply purchased all imports to the United Kingdom was canceled and in the future sales will be made directly to British users. This will not result in any great change in the operation of the marketing board.

Peanuts and other Oilseeds

Exports of peanuts in 1950 were below normal owing to the very poor crop for 1949-1950 of about 180,000 long tons compared with 328,000 in the previous year. It should be kept in mind, however, that the annual exports always include a carryover from the previous year's crop and 311,221 tons were shipped in 1950, a decline of over 60,000 tons under 1949. Advantage was taken of the small crop by the railways to reduce and in fact remove the pyramids of peanuts stored in Northern Nigeria which had built up since the war.

The rains in 1950 were very late causing the failure of most of the so-called volunteer crop (that part of the crop which comes up of its own each year) which is largely eaten in the North. It is not possible to estimate accurately the quantity thus lost although since estimates run from 15,000 to 50,000 long tons of shelled nuts per year for this part of the crop. Thus the late rains made it necessary for farmers to eat part of their seeds and later to eat part of the normally exportable crop. Finally owing to the higher price paid by French firms across the northern border of Nigeria an unknown quantity of nuts were exported and will show up in French Niger exports. It is generally agreed that the export crop for Nigeria for the 1950-1951 season will not exceed 150,000 long tons of decorticated peanuts.

The price set by the Groundnut Marketing Board at Kano is £21-4-0 per long ton, unchanged from the previous year. With two poor crops in consecutive years the produce firms which act as purchasing agents for the board are anxious to have the price increased both because more nuts would be brought in and because as merchandising firms they are anxious to increase the purchasing power of Northern Nigeria. The reduction in purchasing power resulting from poor crops has had a very depressing effect on trade in that region.

During 1950 a new groundnut oil mill was opened in Kano. Its capacity is, however, less than half the one constructed in 1949. These firms continue to be permitted to sell directly only on the domestic market. The firms buy all of their nuts from the Board at its fixed price. There has been considerable complaint that too little room is left for profit in the prices charged and paid by the Board.

The five year fertilizing plan financed by the Northern Regional Production Development Board was initiated in 1950. A rather complicated system has been worked out whereby initially fertilizer

will be supplied free of charge to farmers and prices will be increased proportionately from year as the farmer learns to appreciate the advantages of soil treatment. It is too early for the program to register any marked effect on production. It is expected that £500,000 will be spent by the end of 1955 when the program is completed.

The railroads managed to remove all of the backlog of peanuts in Kano by the beginning of the 1950-1951 season. However, owing to the breakdown of a large number of locomotives pyramids of nuts are again piling up. It is expected that owing to the small current crop it will be possible to get all of these nuts out by the month of July.

Sesame Seed continues to be a minor export to which the Government and the Board devoted very little attention. The 1949-1950 export crop amounted to 17,000 tons while the 1950-51 crop is expected to reach 10,000 long tons. The price paid for the current crop is £20-0-0 per ton which is unchanged from the previous year.

Cotton

The quantity of cotton, 50,000 bales of 400 lbs. each, purchased for export by the Cotton Marketing Board while not a record marks an increase of the 1949-1950 crop compared with 47,904 bales for the previous crop year. Although the 1950-1951 crop is not expected to come up to original expectations owing to the late rains in the North the Marketing Board expects to buy upwards of 70,000 bales this year. All exports continue to be to the United Kingdom.

The following prices for various grades were established for the new crop, a slight increase over the previous year:

Grade NA-I	4d per pound
Grade NA-II	3.9d per pound
Grade NA-III	3.5d per pound

It was decided to establish a new grade, Grade III, in order that it may be ginned in the controlled ginneries of the Cotton Board. This step was taken in order to discourage the planting of poor seed from cotton of this grade. It is hoped that eventually all seed will be of the approved type distributed by the Board. This new grade will be made available for sale on the domestic market for the use of hand weavers. The agricultural farm at Samaru continues its production of new and improved seeds which it distributes. Over a period of years it is expected that types of seed approved by

the Board will replace other types.

During the past year a cotton survey team was established to encourage production and improve the quality. Cotton is far from being a favorite crop of farmers and efforts must be continued to keep producers interested.

Exports of cotton seed during 1950 were 16,551 long tons as compared with 2,904 long tons in 1949.

Palm Produce

Exports of both palm oil and palm kernels were 159,000 long tons and 378,000 long tons respectively compared with 168,789 long tons and 375,835 long tons in 1949.

The introduction of additional hand presses and pioneer oil mills has resulted in an increased production of oil. By the end of 1950 pioneer oil mills were either in operation or under construction. Of course, these mills can only be profitable in areas where the concentration of trees is large whereas in many areas the trees are very scattered with a low density. The Government continues its plans to encourage the planting of oil palm plantations which it believes will increase production and provide for the introduction of more efficient extraction. There has been a certain amount of opposition to the introduction of pioneer mills in some parts of the country. In the past the pressing of oil has been the responsibility of the women of the community and it is feared that the loss of this occupation will leave most of these persons idle. There have been many demonstrations in the Eastern part of Nigeria. In general it is not the intention of the Government to force the mills on any community. Instead an attempt will be made to educate the people in the advantages of the mills. It is not believed that owing to economic limitations on their use that more than 10% of the oil extracted will ever come from them.

The Agricultural Department has been conducting in the Eastern Provinces experiments to determine the oil producing qualities of the average Nigerian tree. It was surprised to find that trees of the present type normally produce little more than 2,000 lbs. to the acre. It is felt that it will now be necessary to revise the estimate of the number of trees in the country. In addition it would now seem feasible to consider the introduction of a tree with a larger producing potential. Up until now it was felt that the trees would produce upwards of 6,000 lbs. per acre. It must be kept in mind, however, that in this country the results of such experiments depend on the degree of control which is exercised.

Purchase prices for 1951 are as follows. A comparison is given with the prices for the preceding year (per long ton):

	1949-1950	1950-1951
Palm Kernels	£26-0-0	£32-0-0

DECLASSIFIED

DECLASSIFIED

	1949-1950	1950-1951
Palm Oil:		
Grade I	£42-15-0	£55-0-0
Grade II	37- 2-6	43-0-0
Grade III	33- 0-0	34-0-0
Grade IV	29-12-6	30-0-0
Grade V	26- 5-0	--

Other Export Crops

The exports of bananas from the British Cameroons decreased in 1950 largely owing to a fall in production caused by a serious tornado in early 1950. It is estimated that 30% of the stems were lost. Thus exports for 1950 of 5,400,000 stems was considerably below the figure of 5,800,000 for the previous year. There was adequate shipping throughout the year to provide for shipment of the entire crop to the United Kingdom. In view of various difficulties having to do with weather and the labor supply it is unlikely that anticipated increases in production will take place.

The production of spices has received encouragement owing to high world prices and 904,842 lbs. of ginger were exported in the first nine months of 1950 compared with 310,622 lbs. in all of 1949. A large part of this went to the United States where there appears to be a rather good demand. The export of capsicums has also increased from 4,000 lbs. in 1949 to 425,870 lbs. in the first nine months of 1950. There also appears to be a good demand for this product in the United States. However, in spite of high prices export to the United States is discouraged by the inability of local exporters to pass the Food and Drug Administration. The internal consumption of spices is high owing to the rather monotonous diet and the price offered must be very attractive before anyone will take the trouble to export. The annual spice market is held in February and in 1950 it was all but impossible for an exporter to procure any for export. There is not much future for spices in the absence of active Government encouragement.

Rubber exports increased from 15,400,000 lbs. in 1949 to 28,600,000 lbs. in 1950. There is little chance of any major increase in production, however, since there are only three plantations in the country (none of which is large) and the increased exports are due solely to the tapping of neglected trees under the encouragement of higher prices.

After developing and encouraging the production of the fiber known as bolo-bolo in the Eastern Provinces as a possible substitute for jute tests revealed that it could not be used on the machinery now in use in the United Kingdom. The new bag mill to be constructed by the Colonial Development Corporation and the Cocoa Marketing Board has promised, however, to take one third of production.

DECLASSIFIED

It may be of interest to discuss the various projects of the

Nigerian Department of Agriculture which might in the distant future be of importance. In the British Cameroons a small tea plantation is being set up with the intention that if it should some day be feasible to take up tea culture the seeds and experience would be there. A small amount of coffee is also cultivated in the Cameroons and may some day be expanded. Most coffee production is now going into the French Cameroons.

The Food Supply Problem

The internal food supply situation was discussed rather extensively throughout 1950. The present problems have been caused by the rapid growth of population and the movement of population to the non-food producing urban centers. Most complaints have been from these urban areas where the working classes are concerned over the increases in the price of food.

In discussing the problem with an official of the Agricultural Department of Nigeria, the official remarked that there was no actual food shortage in the country or at least there would be none if the food producer were able to get the price he should for his food produce. When all the export produce has gone up as much as three hundred per cent since 1939 as have most wages it was felt ridiculous that the town worker should complain of prices. In other words, the Nigerian farmer is not going to produce adequate food supplies for the urban centers when he can make more by producing for export.

Of course, in some areas the problem is quite acute owing to the thick density of population and/or the limited agricultural potentiality of the land. The Government has taken cognizance of this problem by several methods. In particular the culture of rice, a crop particularly suited for overpopulated lands has been encouraged. Before the Second World War Nigeria was a heavy importer of rice. Now the country produces all that it consumes which is quite a sizable amount. There are three areas of production, in and around Bida (on the Niger), in and around Sokoto, and in the Eastern Provinces. The exact acreage or production is not known. In the Sokoto area mechanized plowing has been introduced and it is expected that some 25,000 acres will be plowed this year by tractor. It is estimated that 100,000 acres are in cultivation in the Eastern Provinces. The price is between 45 and 50 pounds a ton. Rice is gradually taking the place of cassava as the richer man's diet in the south.

Resettlement has been employed to some extent although it is difficult to persuade people to move. One particularly large project has been undertaken in the Plateau and Adamawa Provinces known as the "Shendam Project". It has not been particularly successful owing to the shortage of water in the region. Finally efforts are being made to persuade farmers to pool their holdings in order that mechanization may be profitable.

SECURITY :

DECLASSIFIED

Tobacco

Production of tobacco in Nigeria in 1950 was about 1,000,000 lbs. compared with 850,000 lbs. in 1949. The demand for tobacco has increased greatly during the year and the British-American Tobacco Company has been unable to keep up with the demand for its domestically manufactured cigarettes. Effective January 1, 1951 new increased prices of domestically produced tobacco were announced by the company. Imports of unmanufactured tobacco into Nigeria in 1950 amounted to 5,500,000 lbs. compared with 4,925,000 lbs. in 1949. Tobacco imported from the United States was valued at £800,000, representing the most important American import.

In spite of increases in domestic cigarette production, import of cigarettes during 1950 was 1,391,000 lbs. compared with 1,372,000 lbs. in 1949. The steady increase in the demand for tobacco products is tangible evidence of the increase in the standard of living of the Nigerian in spite of mounting prices within the country.

The Government is proposing an increase in the customs duty on unmanufactured tobacco for the next financial year. This will not, however, affect the price of domestically manufactured cigarettes since a rebate is allowed on the excise tax for duties paid on the entry of tobacco.

DECLASSIFIED

(b) Mines and Mining

From the commercial and Government viewpoint the year 1950 was a very favorable one so far as the production of tin and columbite is concerned. From the viewpoint of production it was a somewhat poorer year than the previous one. The soaring prices of both of these minerals poured profits into the pockets of exploiting firms and royalties to the Nigerian Government. This was the first year in which the full effect of the Government's purchase of the United Africa Company's mineral royalty rights was felt and it is estimated that the Government was the gainer by £500,000 in the course of the year.

The export of tin concentrates was 11,417 long tons in 1950 compared with 12,676 in the previous year and columbite exports were 1,051 tons compared with 945 in 1949. While the tin was exported to the United Kingdom for smelting, the larger part of the columbite is purchased by the United States. The United Kingdom is, however, purchasing a larger part of the latter mineral than was formerly the case. The policy of all the major producers is to exploit low grade ore during this period of prosperity reserving the better ore for less profitable days in the future. The maintenance of production at normal levels of the 74-76% concentrate depends largely on the importation of equipment which will move more earth and the capacity of the concentrating mills to concentrate this low grade ore. Orders have been placed by the largest producer of tin (about half the output) for American excavating equipment which is expected to arrive in the middle of 1951. They are having some difficulty, however, in acquiring the necessary dollar exchange to complete their program.

The Government is through the Department of Mines trying to encourage the concentration of the columbite ore which is found with the tin. Formerly little effort was made by most firms to extract this mineral. In addition an attempt is being made to prevent the loss of about five per cent of the tin ore which is lost in the washing process.

There have been few labor difficulties during 1950 in the tin mines. A new wage agreement was drawn up effective July 1, 1950 increasing the pay and benefit of miners. The Amalgamated Tin Mines of Nigeria have a very ambitious welfare scheme providing for clubs, health service, libraries, etc. for its employees which appears to be working out very well. The average African employment in the tin mines during the year was 55,158. Comparative production statistics for 1949 and 1950 are attached to this report.

The coal mines produced 584,529 long tons during 1950 compared with 550,513 in 1949. During the year the mines were placed in the hands of a public corporation known as the Nigerian Coal Corporation. Employees are no longer considered as civil servants and management has much greater discretion in dealing with the labor situation. An ambitious welfare and employee relations program has been initiated which promises to improve labor relations. For the moment there is no coal union in operation and the Secretary of the

previous one has been sentenced to three years imprisonment for embezzling funds of his union. Towards the end of the year large stocks of coal piled up at Enugu above ground. The sales contract with the Gold Coast was renewed again effective January 1, 1951 and plans were made for shipments to the United Kingdom and other European countries. A new seam has been found some miles north of Enugu and could rapidly be brought to a production of 15,000 tons a month provided markets could be found and providing the railroads can transport the coal to a port of shipment. Large surpluses of coal still exist owing to the inability of the railroads to handle the traffic. In general conditions in the mines have improved very much and the outlook at the moment is favorable.

The most interesting development in the field of mining during the last year has been the activities of the American Smelting and Refining Company in conjunction with the Mines Development Syndicate, Ltd. in the prospecting of a lead-zinc deposit near Abakaliki in Ogoja Province. To date most of the work has been exploratory and it will be a year before the companies will be able to say for certain whether they plan to carry out major operations. Plans are now in motion for digging test shafts and a lease is in preparation between the firms and the Nigerian Government.

Shell D'Arcy is continuing its prospecting for oil in Southern Nigeria and although details are being kept secret the increased shipment and activity in Owerri indicate that great hopes are felt for the outcome. Some sources feel that they are now ready to begin the first test well.

Gold continues to be of minor importance and 2,543 troy oz. during 1950.

The Amalgamated Tin Mines of Nigeria, Ltd. conducted an aerial survey on the Plateau during the year which reveals considerable new tin reserves not known before.

The Government has again taken up a project for producing cement from the limestone deposits located near the coal mines in Enugu. This renewed interest is motivated by an increasing shortage of building materials in the country.

DECLASSIFIED

(c) Forest Products

Exports of Nigerian logs and timber showed a sizable increase in 1950 over 1949, totalling 8,500,000 cubic feet as against 5,000,000 cubic feet. Very little of it goes to the United States although the Government is interested in encouraging such exports. The great impediment is the absence of reliable exporters interested in the American market.

The Government's effort to encourage such exports through the establishment of its inspection scheme has not been particularly successful. Between the date of its inception in November, 1949 and December, 1950 911,701 cubic feet weighing 21,970 long tons were inspected, a very small part of total exports. The reliability of the scheme is questionable since there is evidence that inspectors are often being corrupted by exporters presenting the logs for inspection. In any event the major quantity of logs is handled by large European firms with concessions from the Government who have their established markets in Europe. It is understood that the major portion of available concessions have been granted.

The largest concessions are held by the United Africa Company which operates a plywood mill and a sawmill in Eastern Nigeria. Both of these mills are in full operation. However, UAC complains that a large quantity of logs are being hijacked by natives on their way down the river to the mill. It is estimated that losses of £400,000 a year are being experienced and the Government has been requested to take steps to cut down this loss.

Conservation measures are being followed in the handling of these concessions from forest reserves to assure that the forests of this country will not be exploited beyond replacement growth. The Forestry Department is also undertaking projects for setting aside firewood reserves in Northern Nigeria where the forests are not suitable for export or for use in building materials.

DECLASSIFIED

(d) Hides and Skins

Exports of hides and skins during 1950 showed a marked increase over the previous year. In 1950 4,256 long tons of goat-skins valued at £3,516,000 were exported compared with 3,330 tons valued at £2,300,000 in the previous year. Cattle hides exported in 1950 totalled 8,124 long tons valued at £2,112,563 compared with 5,700 tons valued at £1,110,000 in 1949 while exports of sheepskins in 1950 reached 1,306 tons valued at £560,000 compared with 972 tons with a value of £361,000 in 1949.

Demand tended to outstrip supply and prices increased accordingly during the year. Although exports of Nigerian hides and skins probably cannot be increased to a much greater extent, it is understood that an unknown quantity of skins listed as exports from Nigeria actually come from the French Niger across the northern border of Nigeria. It is believed that these hides and skins make up an important part of those handled by firms in this country. There is very little control along this border and little or no record is kept of goods passing back and forth.

Recently a Hides and Skins Board was established in Kano with commercial and Government representation. This organization was established to satisfy complaints of the various firms over the absence of any contact between commercial interests and the Government. It was felt that the Government was making decisions affecting the industry without adequate consideration of the interests of the firms.

Livestock

The West African Institute for Tryposomiasis Research was completed early in 1951 at Kaduna. For the moment this organization is working in conjunction with a previous center located at Vom. The Institute is located in several new, modern buildings with excellent research facilities. The control of this disease is of great economic importance since if it can be controlled the number of livestock can be increased and the quality of the stock improved. For the moment although there are some goats and cattle in the southern part of the country the largest number are located in the far north in the tsetse-free area.

Breeding experiments in the south in crossing breeds which appear to have a degree of resistance to Tryposomiasis with native breeds is continuing. Some success has been experienced although it has been found that if these new breeds are forced to work they lose their resistance. Since most natives use their cattle for farmwork this is not too favorable.

The Veterinary Department has been able to add a large number of men to its staff and is almost up to its authorized strength. It has opened several new centers in the north for the treatment of cattle and vaccination against rinderpest and pleuro-pneumonia. While the Department feels that it has rinderpest under control the

natives are not yet sufficiently convinced of the need for protection of pleuro-pneumonia and large numbers of animals are lost in this manner.

It is generally believed that the country is overstocked. The native Fulani, a nomadic northern tribe, considers that his stock is capital and never sells any unless he needs cash to pay taxes. In the past he lost large number through disease and kept large herds to protect himself against the annihilation of all the animals.

It is estimated that at least 40% of the animals are infected with foot and mouth disease although very little has been done to combat the infection.

The Government has plans under consideration to construct a meat canning plant in the north. To date the matter is only in the planning stage and it will be some time before the plant can be started. At the moment large numbers of cattle are driven south for hundreds of miles on foot or by rail, an uneconomic method of supplying meat to the southern part of the country.

DECLASSIFIED

DECLASSIFIED

(e) Commodity Supply Situation

By the middle of 1950 the supply situation had returned to its pre-war position with only a few shortages and these caused by the normal lag between orders being placed and goods received. Almost immediately, however, the effects of the Korean War began to be felt and by the end of the year and very definite shortages could be seen just over the horizon.

In general, however, up to the present time any shortages are limited to those items for European consumer consumption. The demands of the average Nigerian for imported products is limited to cotton cloth. For the moment owing to heavy purchases both in 1949 and 1950 stocks are adequate and there should be no shortage for some time. It is expected that owing to the world cotton situation the price of cotton piece goods will go up sharply.

A fifteen percent increase in consumption of gasoline and a thirty percent increase in consumption of kerosene during 1950 are indicative of a rise in the standard of living. This is particularly true in the case of kerosene which is considered as a luxury substitute for palm oil as a fuel.

While the consumer supply situation was favorable the Government continues to experience definite difficulty in acquiring machinery, etc. for development of the country. Generators, railway carriages, water pumps, etc. under order for two or three years remain undelivered. The concentration of the United Kingdom and other countries on the dollar market probably is the reason for the failure to fulfill the demands of Nigeria. It is quite likely that shortages will have a greater and greater effect on development programs here.

The shortage of building materials, particularly cement, is acute and a great deal of building is being retarded or impeded by this shortage. The Government is again taking up the possibility of producing cement from local limestone to alleviate the shortage. The large gap between the value of exports and imports during 1950 makes it apparent that the trade situation is somewhat lopsided. If exports continue to increase while the volume of imports fall steps will have to be taken to avoid serious inflationary pressures.

DECLASSIFIED

(f) Labor

While 1950 was a year of instability in labor relations there were no incidents of the seriousness of the riots at Enugu in late 1949. These riots were widely discussed during the early part of the year pending the publication of the findings of an investigating committee. The report was finally published in June 1950. The labor policy of the Government in the coal mines was challenged and the rashness of the union involved was also criticized.

As a result of these findings the Government placed the management of the mines under a public corporation and instituted a labor relations program which has been quite successful to date. Welfare programs have been instituted as well as provision for leisure time amusements, etc. The coal union has more or less collapsed and the Secretary of the union and several other officials have been imprisoned for embezzling funds. For the moment there is no union effectively operating although a new one is being formed.

The increases in the cost of living during 1949 finally resulted in a decision on the part of the Government to increase the wages of its junior employees by 12½% and senior employees by 10%. This action, of course, led the employees of commercial firms to seek the same advantages causing sporadic difficulties culminating in a short strike early in August by the employees of the United Africa Company. An agreement was reached to submit the question to arbitration. The arbitrator's decision was released in November granting the 12½% to employees in Lagos effective November 10, 1950 plus several minor advantages which had been requested. The United Africa Company immediately agreed to extend this increase to all its employees in Nigeria while the other European merchandising firms followed suit. However, the Amalgamated Union of UAC Workers felt that the increase should have been retroactive to April 1 and another strike was called for the middle of December. This strike proved to be a fiasco since not more than fifteen to twenty per cent of the employees obeyed the strike call.

The failure of this strike brought about a great deal of dissension in the labor movement since most of the blame was placed on the officials of the Nigerian Labor Congress and its Communist-minded leader, Nduka EZE. Several meetings of labor leaders were held where they discussed whether the congress should be purged and reformed or liquidated altogether. This question is still pending although as an effective force the congress is nonexistent.

In this connection it might be kept in mind that most Nigerian unions are unable to collect dues except during strike periods and for this reason labor leaders often stir up dissension with an eye to collecting funds. The low wages of the country do not leave much margin for union dues.

Before the beginning of the December strike the various firms issued a statement that all strikers would be dismissed from

service. This naturally had a very great effect on the participation. After the strike those employees not wanted back were dropped from the rolls.

During the year Communist leadership within the unions suffered a definite setback. The red Labor Champion went out of business in late June owing to the absence of funds. The failure of the December strike and irresponsible activities of Mr. Eze and his associates lost them a great deal of support within the labor movement. Days lost by strikes fell from 400,000 in 1949 to 200,000 in 1950.

DECLASSIFIED

DECLASSIFIED

(g) Building and Construction

Some major construction during 1950 was carried out by the Government and several stores were constructed by commercial firms, particularly in Lagos.

The new Posts and Telegraphs Building in Lagos was completed and a new building for the Legislative Council begun. A new telephone exchange is also under construction in Lagos. A new building to house the Houses of Assembly at Kaduna is nearing completion and the Tryposomiasis Institute Buildings were also completed there. In Kano a new mosque was built which is a rather imposing structure.

The cost of construction continues to increase and the efficiency of local building workers shows no improvement. The shortage of building supplies is beginning to pinch again. The shortage of cement is particularly acute delaying the completion of many projects. In an attempt to alleviate the situation the Government is again investigating the possibility of producing cement domestically.

It is eventually planned to construct a new air terminal at Kano since the present one is completely inadequate. In addition West African Airways have recently completed a new office building at the Lagos airport.

DECLASSIFIED

(h) Transportation and Communications

Roads

During 1950 419 miles of trunk roads and 404 miles of feeder roads were added to the Nigerian system making a total of 27,065 miles; of this 1,059 are bituminous surfaced and the remainder with earth or laterite. Most of the country is accessible by road, at least during the dry season.

There have been several experimental roads constructed with American roadbuilding machinery. For the most part the roads now existing have been built completely by hand labor, an arduous and slow process. The reporting officer traveled on one of the roads constructed by machinery near Kaduna and found it to be very good. He was told that it was constructed in a very short period of time and there are hopes that the amount of machinery can be increased.

There is under consideration the construction of a road from Jos to Maiduguri which will assist the Northeastern part of the country a great deal. At present the development of that part of Nigeria has been impeded by the absence of suitable means of transport for the evacuation of produce.

Both in 1949 and 1950 the Nigerian Government sent one member of its Public Works Department staff to the United States to attend the annual course in highway theory conducted by the Department of Commerce. In general they have been very satisfied with the results of these courses and it is hoped that some of the ideas picked up will be put into practice in Nigeria. The cost of keeping up an extensive road system in this country is heavy, especially when the annual expenditure is prorated on a per vehicle basis.

Railroads

Although the Nigerian Railway managed to carry 1,484,661,612 ton miles of goods and 316,586,278 passenger miles in 1950 compared with over 1,323,428,251 ton miles and 326,046,255 passenger miles in the previous year, it found its difficulties increasing steadily. They managed to evacuate all the backlog of peanuts at Kano (partly owing to the bad 1949-1950 season). However, they had continued difficulties with their relatively new American and Canadian locomotives, probably owing to the inability of their staff to maintain them properly, and early in 1951 the peanuts began to pile up again.

The railways revenue during the 1949-1950 financial year amounted to £6,374,416 while expenses were £6,297,772. During the new financial year considerable rate increases have been necessitated. The railways continue, however, to lose money. The surpluses built up in the past had been based on the low price paid to the coal undertakings for the coal they purchased. A more realistic price has now been quoted which has added considerable amounts to the cost of operation. Labor costs have been steadily rising while labor efficiency has been falling. Finally losses by pilferage are

increasing to an alarming extent.

There is no sign of action in the near future on the proposed extension of the railroad from Nguru to Maiduguri in Bornu Province and it is not by any means that the construction will ever take place.

Very little new equipment was received in 1950. No new locomotives were imported while only a few freight cars and passenger cars were added to the rolling stock. It is quite possible that unless some steps are soon taken to improve the equipment and maintenance the railways will find themselves in very serious difficulties.

Shipping and Harbors

In 1950 more ships visited Nigeria than in any previous year and more cargo was loaded and unloaded than in any other year. There were 944 ships entered in 1950 and 936 cleared compared with 926 entered and cleared in 1949. The majority of these vessels were British although there were 33 American vessels in 1950 compared with 29 the year before.

The harbor of Lagos which accommodates far the largest number of vessels continued to be very heavily congested causing long delays in the port. Early in the year a contract was let for the construction of extended wharves in Apapa across from Lagos at a cost of £3,000,000. This will provide accommodation for five additional berths. Construction has now begun although it is expected that it will be almost five years before the work is completed. At that time the Customs Wharf in Lagos will probably be removed.

Of particular concern to business in Nigeria has been the shortage of shipping space for exports. This is particularly true of vessels bound for the United Kingdom. The situation is not quite so serious for shipments to the United States although space is also becoming tight on that run. For the moment there appears to be no solution to the problem.

Aviation

No new airfields were constructed in Nigeria during 1950. There are, however, two large extension programs in progress. The Lagos airstrip is being extended to 6,600 feet and the Kano strip is being extended to 8,000 feet. The lighting of the Lagos strip is under consideration and is expected to be carried out in 1951.

The British Overseas Airways Corporation replaced its York planes on its London-Tripoli-Kano-Lagos-Accra run with new Hermes planes. These new planes are considerably more comfortable and have excited very favorable comment. There are five flights a week from London. The shortage of passenger space on ships to the United Kingdom has made the use of air travel increasingly necessary. Sabena, Air France, and KLM continue to pass through Kano on their

African run. Kano traffic continues to increase in volume and it is estimated that 55,000 passengers passed through the port during 1950, most of them of course in transit.

One of the De Haviland "Doves" employed on the domestic service was forced to crash land during the year without injury to any of its passengers. There is a serious shortage of available space on internal runs and reservations must be made three to four weeks in advance. Since the loss of a plane in 1949, West African Airways have been very careful in seeing that none of the planes are overloaded and this has cut the payload of each plane. A new "second class" service has been instituted to attract African passengers who cannot pay full fares. The cost is about 20% below first class and savings are effected by a reduction in baggage allowance and the use of freight planes converted to accommodate passengers with a minimum of comfort.

There has been a shortage of space throughout the year between Nigeria and Europe owing to the increased use of planes due to the shortage of shipping space. KLM has been particularly successful in attracting passengers owing to the possibility of stopovers on the continent which is convenient for officials on leave.

Telephones and Telegraph

There has been considerable expansion of the telephone service during the last year. Trunk lines were extended from a little over 9,000 miles to about 10,000 miles during the year and the number of instruments 6,154 to 8,239.

An automatic dial exchange has been completed in Port Harcourt and is now in operation. One is now under construction in Lagos and is expected to be completed early in 1952. By radiotelephone it is now possible to call the United Kingdom although no arrangements have been made for service between Nigeria and the United States.

Radio

For some time now there has been in operation an experimental radio station in Lagos which rebroadcasts BBC programs and produces some local programs. This was in addition to the established Radio Diffusion Service which is available in most of the large centers. The Government is now implementing an ambitious plan for the establishment of a Nigerian Radio Service with several stations throughout the country. An experienced official of the BBC has been assigned to Nigeria to direct the program which it is expected will take at least seven years to complete.

DECLASSIFIED

III. Development and Industrialization

(a) Government-sponsored Development Projects

The ten year development program which was begun in 1945 and which was expected to cost £55,000,000 is now under consideration. So far the plan has not worked satisfactorily largely because effort has been so greatly diffused over the country that it has not had any great effect in any one field of endeavor. It is now expected that the whole program will be revised. Further owing to the increasing costs of all materials and labor it is expected that it will cost considerably more than the original figure to achieve even its very limited goals.

These funds have for the most part been devoted to the general improvement of public works, health, and agriculture rather than any one large or impressive project. The largest sum to be spent on any one project is £3,000,000 for the new Apapa Wharves at Lagos.

Thanks to favorable world prices the various produce marketing boards of the country have amassed very large reserves which have to some extent been made available for development. While the Cotton and Cocoa Boards have their own particular development organizations the other boards act through the three regional Production Development Boards. The Eastern and Western Boards have not up to the present time been particularly active. The Northern Board has, however, expended considerable sums of money. It has interested itself in three large projects: the mechanization of rice culture in and around Sokoto, an allotment of £500,000 for the introduction of fertilizer to the north, and the boring of deep wells in Bornu Province where the shortage of water is particularly serious.

In the Eastern Provinces the construction of new pioneer oil mills continues although it is planned to turn these mills over to private firms as soon as they are in profitable operation. Most development in the Western Region has been devoted to cocoa culture: the construction of roads and the control of diseases attacking the cocoa tree.

The Department of Agriculture has several projects on which it is conducting experiments but on which little else has yet been done. In the West it is experimenting with the raising of poultry and the crossing of cattle with a view to producing an animal resistant to tryposomiasis. On a small scale experiments in mechanized farming are being carried out with the cooperation of native farmers. In the East experiments have been worked on on the culture of a fiber producing plant known as bolo-bolo but to date no effective use has been made of this fiber. In addition experiments are being conducted on palm oil plantations and tea culture.

The Colonial Development Corporation in cooperation with the Government is continuing the expansion of its operations on its mixed farming scheme at Mokwa. During 1950 thirty tractors were imported for use. It will be several years before the success or

failure of this project will be known. It is hoped that through cautious and comparatively slow development the experience of the groundnut scheme in East Africa will not be repeated. The Colonial Development Corporation and the Cocoa Marketing Board are contributing £1,800,000 for the construction of a sack factory and spinning mill at Onitsha where it is expected that when in production this factory will produce 6,000,000 sacks and 2,000,000 lbs. of cotton yarn a year. Although in the beginning for the most part jute from India and Pakistan will be used it is also planned to use some of the locally produced bolo-bolo fiber.

The Government has also set up three Regional Development Boards (which should not be confused with the Regional Production Development Boards) which have on hand funds available for lending to promote ventures for which private capital would not be available. To date very little use has been made of these funds since most of the projects presented for approval have not been considered feasible. Over ninety per cent of the applications received have been turned down. A loan has been made to a group of businessmen in Kano who have constructed a textile factory which should be ready for opening in the near future.

The continuing shortage of raw materials and machinery in the world will certainly retard the development plans of the country. By no means all of the programs are or will be successful. The well boring scheme has for example failed to find any water at considerable depth although several wells have been bored. Resettlement projects have in general been failures. The largest of these projects in the Shendam area (near the Plateau) has not been particularly successful although large amounts of money have been spent. This is largely due to the absence of adequate water supplies. In most cases the population resettled considers itself as warders of the Government and fail to become self-supporting after the Government subsidy is removed.

The policy of the Nigerian Government is, however, to avoid putting all of its eggs in one basket and it does not expect that all of its ventures will succeed. To date in spite of the efforts made very little progress has been made towards the goals set; the increased production of the country. Rather than increasing the export production of Nigeria has for the last two or three years been more or less stationery. In view of the rapidly increasing population of the country and the need for increasing the national income it cannot but be of great concern to the authorities that overall production has not increased above the prewar level.

DECLASSIFIED

(b) Commercial Industrialization

Generally speaking the African population is little interested in entering the field of production and would rather invest its capital in trading which produces greater monetary returns. It is usually expected that a twenty to thirty per cent return will be had for each investment. As a rule, they are unwilling to invest capital for a long period of time.

The Regional Development Boards which were established to encourage investment by lending capital has had few reasonable requests for capital. A group of businessmen in Kano have invested some of their own money and received a loan of £35,000 from the Board with which they have constructed a textile mill with between twenty and thirty looms. The building has been completed and most of the machinery has been received. It is expected that the mill will go into production in 1951. Another mill of the same type has been constructed and will soon begin production in Lagos.

During 1950 a second peanut oil mill smaller than the one constructed in 1949 was put into operation. The sawmill which was reported as under construction at Sapele in the 1949 report has been completed and is now in operation in conjunction with the plywood mill there.

There have been few other commercial ventures in Nigeria during 1950. Most European firms are wary of expanding their operations by the investment of new capital owing to the relatively high company taxes (45%) and the absence of any assurance as to tax and customs policy. The relative inefficiency and absence of training on the part of Nigerian labor is also an important difficulty given the difficulty in importing foreign help.

The Nigerian Government has under consideration at the present time the enactment of a Pioneer Industries Ordinance which would exempt firms interested in investing capital in the country from taxes, duties, etc. during the period they are being established. It is not believed that investment in this country will be much encouraged until such an ordinance is passed and until the Government takes steps to amend the regulations and laws governing the occupancy of land in the country.

DECLASSIFIED

IV. Foreign Trade and Commercial Policy

(a) Import - Export Trade

Comparative figures for imports and exports between 1949 and 1950 are misleading since apparently the Nigerian Statistical Department has been tampering with the figures, ostensibly to make them more reliable, but at the same time negating the possibility of comparing two years.

For example, while the value of imports in 1949 was £57,539,000 and £60,523,000 in 1950, the value of exports is given as £87,203,000 in 1950 compared with £80,241,000 in 1949. This increase is probably due to three factors: (1) A more realistic appraisal of the value of exports, (2) the devaluation, and (3) steep increases in world prices during 1950. The lack of any great change in the value of imports probably reflects the fact that demand for goods fell in 1950.

The majority of imports were from the United Kingdom although Japan, Germany, and a few other countries are beginning to give very serious competition in the field of cotton textiles. Imports from the United States were £2,487,000 compared with £2,436,000 in 1949. It was believed that American imports had reached the absolute minimum in 1949. It has been found possible through stricter controls to further drastically reduce them. A breakdown of the source of Nigerian imports during 1950 with comparable figures for 1949 is attached. A breakdown of exports is also supplied.

Of course, there are certain invisible imports and exports. One of the most important dollar costs is the cost of Nigerian students in the United States which must reach upwards of $200,000 each year. Another large dollar expenditure is the purchase of petroleum products. A great deal of dollar exchange enters Nigeria through the various American missionary organizations which must spend somewhere in the neighborhood of $2,000,000 each year in this country.

There have been increasing complaints of the strict regulations governing the importation of American automobiles into this country. The larger part of the drivers feel that American cars are the only suitable ones on the roads of Nigeria. Only a limited number of pickup trucks and station wagons are admitted at the present time and they are bought up as fast as they are received.

DECLASSIFIED

(b) Commercial Policy

There was no rationing or price control during 1950. In general Government commercial policy is limited to controls having to do with the supplies of foreign exchange and the sale of produce to the various marketing boards.

The trade sections of the Department of Commerce and Industries were increased with the intention of aiding African businessmen and assisting to encourage the import and export trade.

The Government continued in its policy of discouraging increased prices particularly of foodstuffs. It is further opposed to large wage increases for the same reason. It will probably try to keep the prices paid by the marketing boards for produce from increasing with the rapidity of world prices for the same reason.

Various regulations exist excluding the importation of goods likely to compete with growing Nigerian industries. This applies particularly to meat and dairy products. Although the price of these products produced domestically compares favorably with imported the quality is definitely inferior. In cases where it is impossible or not feasible to exclude certain products the import duty is high enough to achieve virtually the same purpose.

The open export license for hides and skins was canceled late in 1950 and specific licenses are now required with the stipulation that purchasers undertake the manufacture of the end product rather than resale to a third country. This resulted from a large shipment sold in the Netherlands which was transshipped to the United States with a resultant loss of dollar exchange to Nigeria.

DECLASSIFIED

SECURITY :

DECLASSIFIED

V. Finance

(a) Money and Banking

No new banks were opened in Nigeria during 1950. The majority of the banking business continues to be in the hands of Barclays Bank and the Bank of British West Africa. It is of interest to know that there are no specific laws or regulations relatin to banking or insurance in Nigeria. It is believed that when the Government has the time and the staff to prepare such laws they will be enacted. However, through laws and regulations regarding the operations of all businesses within the country these institutions are far from being uncontrolled.

Except for the small loans of the Regional Development Boards most financing is done outside of the country with the exception of petty African lenders. Many Africans continue to make deposits through the Postal Savings plans. On September 30, 1950 there were 151,878 depositors with deposits of £2,935,896 compared with 173,079 and £2,676,187 at the same time in 1949.

The circulation of money decreased during 1950 from £31,707,789 on September 30, 1949 to £31,596,379 on September 30, 1950. This reduction is largely due to the return to the West African Currency Board of supplies which were sent out in anticipation of increased demand for notes whereas the demand fell considerably.

DECLASSIFIED

SECURITY

DECLASSIFIED

(b) Taxation

There was no increase in taxation during 1950 except for minor changes in the customs rates. The fiscal year 1949-1950 ended with expenditures £3,000,000 in excess of estimates requiring the enactment of a supplementary grant. However, the 1950-1951 year is expected to produce a surplus of some £300,000. It is expected that owing to the increased value of exports there will be some increase in export duties for the next financial year.

It is unlikely that in an undeveloped country such as Nigeria taxes on income or on companies can be much further increased if any capital is to be attracted. On the other hand there are only a small minority of the native population which pays much in direct taxes and if this source of revenue could be tapped effectively it would be possible to increase Government income to some extent. The Government feels that any such major increase in revenue must come through an increase in the national income.

DECLASSIFIED

SECURITY :

DECLASSIFIED

31. Lagos 580

(c) Government Finance

The Nigerian budget estimates for the financial year 1950-1951 were £30,168,040. Expenditures have actually exceeded that amount owing to increased costs. However, thanks to an increase in anticipated revenue it is expected that the year will close with a surplus of about £300,000. It has been necessary to request a supplementary appropriation of £3,000,000 over the estimates to take care of excess expenditure during the 1950-1951 financial year.

It is expected that the new budget for 1951-1952 will exceed the one for the previous year by about £4,000,000. It is further expected that the budget will be balanced. The Government issued no new loans during 1950 although it is anticipated that new ones will be issued before the completion of the ten year development plan. The budget is somewhat misleading in its methods since the surplus at the end of each year is by American standards much greater than by the methods used here. For example, all payments into sinking funds for the repayment of the debt and payment of capital on outstanding loans is counted as expense rather than surplus at the close of the financial year. In addition large contributions have been made into what is known as the "Revenue Equalization Fund" which is intended to supplement Government income in those years when tax collections fall below expectations. Thus it is estimated that for the last two or three years there has been as much as two million pounds a year surplus.

The various regional treasuries have complained that they are very short in funds. Allocations from the central government are the principal source of regional funds and it has not been possible to increase allocations in line with the increased responsibilities of each region under the various development programs.

It is the policy of the Government to instill in the population a respect for sound budgetary policy in preparation for the day when Nigeria will enjoy a greater degree of autonomy. In particular it wishes to discourage any increase in the national debt which is often considered as an easy expedient to obtain necessary funds.

Both the railroads and the coal corporation are expected to draw on the Government to cover their losses. Up to the present time the railways have been able to draw on surpluses built up in the past but this cannot continue indefinitely. The deficit of the Posts and Telegraphs Department is also increasing rapidly.

A comprehensive Exchange Control Ordinance was enacted in 1950 replacing the regulations under World War II powers. It effects few changes in former practice.

DECLASSIFIED

Edwin D. Crowley
American Vice Consul

SECURITY :

DECLASSIFIED

32. Lagos 580

Enclosure:

Summary of Nigerian Overseas Trade 1950.

Sources:

Interviews with Government officials and prominent businessmen throughout Nigeria.
Governmental Reports
Nigeria Gazette
Nigeria Trade Report
Newspapers
Periodicals

Copy to Office of the Administration's Special Representative, Economic Cooperation Administration, % American Embassy, Paris.

Copy to Embassy London.

DECLASSIFIED

SECURITY :

DECLASSIFIED

Enclosure to Despatch No. 580 dated March 27, 1951 from the American Consulate General, Lagos, Nigeria.

S U M M A R Y

of

NIGERIAN OVERSEAS TRADE

1950

C O N T E N T S

		Page
	Explanatory Notes	1
Table		
1	Value of External Trade 1950 and 1949.	2
2	Imports by Quantity and Value, 1950 and 1949, showing Principal Items.	3, 4, 5
3	Exports and Re-exports, by Quantity and Value, 1950 and 1949, showing Principal Items of Exports.	6
4	Value of Imports classified by Principal Countries of Origin, 1950 and 1949	7, 8
5	Value of Domestic Exports and Re-exports classified by Principal Countries of Destination, 1950 and 1949.	9

0810505030

SECURITY :

DECLASSIFIED

Explanatory Notes

In consequence of a decision taken during 1950 to bring Nigerian import and export valuations into line with accepted international practice, it became necessary to revise the values of centrally-marketed exports on a basis of the "f.o.b. selling price" in place of the former "f.o.b. cost price", and also to revise the valuation of imported currency notes and coins on the basis of their intrinsic value instead of their face value. These revisions are incorporated in the present tables.

The result of these revaluations, which have taken a considerable time to carry out, is to alter Nigeria's visible balance-of-trade in amount and in direction. The changes are not fully reflected in the quarterly Trade Summaries published for 1950, because it was not practicable to carry out the revisions on a quarterly basis.

The figures for the year 1950 in the present summary are provisional and subject to amendment.

DECLASSIFIED

DECLASSIFIED

TABLE 1.

VALUE OF EXTERNAL TRADE, 1950 AND 1949

	£'000	
IMPORTS	1950	1949
Food, drink and tobacco	7,128	5,691
Raw materials and articles mainly unmanufactured	600	114
Articles wholly or mainly manufactured	51,964	50,977
Animals not for food	1	1
Bullion	2	4
Parcel Post*	828	752
Total Imports	60,523	57,539
EXPORTS AND RE-EXPORTS.		
Domestic Exports:- Food, drink and tobacco	21,253	16,732
Raw materials and articles mainly unmanufactured	63,765	61,143
Articles wholly or mainly manufactured	450	485
Animals not for food	6	11
Bullion	-	2
Total Domestic Exports //	85,474	78,373
Re-exports //	1,623	1,777
Parcel Post*	106	91
Total Exports and Re-exports	87,203	80,241

*Parcel Post figures for December, 1950 are not yet available.

//Other than Parcel Post.

DECLASSIFIED

SECURITY

DECLASSIFIED

TABLE 2. IMPORTS, BY QUANTITY AND VALUE, 1950 AND 1949, SHOWING PRINCIPAL ITEMS.

Item No.	Commodity	Unit	1950 Quantity	1950 Value	1949 Quantity	1949 Value
				£'000		£'000
5 & 6	Biscuits, bread & cakes	'000 lb.	5,066	275	3,958	219
13	Fish, canned or preserved	'000 lb.	1,506	146	1,070	101
14	Fish, dried, salted etc.	'000 lb.	7,831	502	5,189	275
20	Flour, wheaten	'000 lb.	27,295	672	20,777	444
34 & 35	Milk, condensed, sweetened & unsweetened	'000 lb.	3,891	224	2,391	133
46	Provisions, not elsewhere specified	-	-	160	-	161
48 & 49	Salt	'000 lb.	141,962	797	169,821	841
51	Sugar	'000 lb.	24,333	665	17,317	413
52	Tea	'000 lb.	810	137	191	36
59	Ale, beer, stout & porter	'000 gal.	2,580	905	2,388	838
62/6	Spirits potable	'000 liq. gal.	113	171	100	150
69	Cigarettes	'000 lb. '000,000	1,391) 495)	810	1,372) 4,540)	685
72	Tobacco, unmanufactured	'000 lb.	5,050	1,073	4,925	845
73	Asphalt & bitumen	'000 lb.	14,940	149	2,567	28
74	Coal	Ton	60,495	352	153	1
86/89	Boots, shoes & slippers	'000 pairs	1,427	524	1,910	560
94	Singlets	No.('000's)	2,177	193	2,650	273
98,322 & 99 323,100	Bags and sacks	No.('000's)	8,066	1,006	15,046	1,557
319,101	Cordage and twine	'000 lb.	1,107	189	1,056	119
102	Yarns (Cotton)	'000 lb.	1,235	652	1,113	266
	Cotton piece goods					
103	Grey, unbleached	'000 Sq.yd. '000 lb.	23,006) 7,303)	1,500	45,236 15,123	3,254
104	White, bleached	'000 Sq.yd. '000 lb.	26,757) 7,463)	2,083	40,507 11,493	3,567
105	Printed	'000 Sq.yd. '000 lb.	66,336) 14,823)	6,450	55,123 12,310	5,593
106	Dyed in the piece	'000 Sq.yd. '000 lb.	10,374) 3,442)	1,308	18,026 6,253	2,013
107	Coloured cottons	'000 Sq.yd. '000 lb.	21,918 6,516	2,921	25,903 7,825	3,329
109	Sewing thread(cotton	'000 lb.	372	232	607	368
127	Rayon Piece Goods	'000 Sq.yd.	17,720) 5,248)	2,560	10,153 2,761	1,493
128	Rayon Handkerchiefs	'000 Sq.yd. '000 lb.	3,610) 735)	308	2,065 498	253

DECLASSIFIED

DECLASSIFIED

TABLE 2 (contd.)

Item No.	Commodity	Unit	1950 Quantity	1950 Value	1949 Quantity	1949 Value
				£'000		£'000
130	Artificial silk mixed with other materials, Piece goods	'000 Sq.yd.	3,219)	890	2,719	600
		'000 lb.	1,552)		1,058	
134	Woollen Piece goods (all wool)	'000 Sq.yd.	484)	192	483	208
		'000 lb.	269)		296	
135	Woollen Piece goods containing 15% or more of wool, but not all wool	'000 Sq.yd.	683)	152	407	108
		'000 lb.	377)		218	
139	Clocks, & watches complete	'000	164	117	117	93
146/149	Implements & tools, agricultural	-	-	158	-	220
150	Implements & tools, artisans	-	-	243	-	200
155	Electrical machinery	-	-	359	-	255
156	Industrial machinery	-	-	804	-	608
158	Mining & gold dredging machinery	-	-	162	-	297
159	Sewing machines	'000	23	302	20	223
163	Water boring & pumping machinery	-	-	152	-	51
165	Brass & manufactures thereof	-	-	164	-	167
166	Copper & manufactures thereof	-	-	118	-	59
167	Buckets, pails & basins	'000	9,135)	547	4,430	440
		'000 lb.	6,936)		5,326	
168	Iron & steel bars	Ton	3,515	120	3,469	119
170	Corrugated iron sheets	Ton	18,178	1,315	14,447	1,332
174	Sleepers, fish plates and spikes	Ton	4,574	145	10,055	298
175	Steel rails	Ton	4,569	118	5,944	155
177	Hollow-ware other than buckets, pails & basins	'000 lb.	9,073	645	7,040	623
189	Rail, carriages	No.	79	226	7	47
191	Rail, locomotives (steam and other)	No.	42	334	60	906
193	Rail, wagons and trucks	No.	502	666	962	913
195	Commercial Vehicles	No.	1,124	668	991	594
197	Chassis with engines and fitted tyres imported for bodies to be built in Nigeria	No.	1,849	965	1,876	996
198	Private Cars including cabs	No.	2,156	940	2,142	857

DECLASSIFIED

DECLASSIFIED

TABLE 2 (contd.)

Item No.	Commodity	Unit	1950 Quantity	1950 Value	1949 Quantity	1949 Value
				£'000		£'000
200	Tractors	No.	108	113	87	91
204	Cycles and tricycles	No.	154,629	1,314	129,546	1,061
208	Cycle tyres	'000	441	112	83	23
209	Giant (including lorry) tyres	'000	18	182	25	271
211	Motor car tyres	'000	27	130	9	47
218&219	Ships and boats	-	-	1,017	-	429
246	Cement	Ton	153,868	1,103	161,959	1,020
249	Dyes and dyestuffs	'000 lb.	723	305	451	203
250	Fertilisers	Ton	6,288	158	4,259	93
253	Earthenware	-	-	192	-	168
264	Lamps and lanterns	No.	800,126	185	204,568	77
268	Matches	'000 Gross of boxes	546	223	519	206
269	Medicines and drugs	-	-	797	-	801
274	Aviation spirit	'000 gal.	6,003	177	4,193	106
275	Diesel oil	'000 gal.	5,870	173	4,219	108
278	Illuminating oil	'000 gal.	12,439	371	7,370	352
279	Lubricating oil	'000 gal.	1,379	539	1,046	213
280	Motor spirit	'000 gal.	34,348	1,000	24,950	610
287	Paper, all kinds (except sensitized)	-	-	302	-	289
29[illegible]	Stationery (other than paper)	-	-	308	-	353
	Other commodities (including parcel post*)	-	-	14,356	-	12,834
	Total Imports	-	-	60,523	-	57,539

*Parcel Post figures for December 1950 are not yet available.

DECLASSIFIED

SECURITY : - DECLASSIFIED

TABLE 3 EXPORTS, BY QUANTITY AND VALUE 1950 AND 1949 SHOWING PRINCIPAL ITEMS

Item No.	Commodity	Unit	1950 Quantity	1950 Value £'000	1949 Quantity	1949 Value £'000
7	Cocoa	Ton	99,947	18,984	103,638	14,697
9	Fresh bananas	'000 bunches '000 lb.	3,008) 127,737)	1,746	3,368 145,492	1,935
28	Peppers & chillies	'000 lb.	1,691	153	158	6
37	Raw cotton	Ton	12,623	2,975	9,984	1,448
39	Piassava, fibre	'000 lb.	4,848	147	2,244	47
45	Untanned goat skins	Ton	4,117	3,390	3,200	2,165
46	Tanned goat skins	Ton	139	126	130	100
47	Untanned Hides	Ton	8,124	2,113	5,732	1,132
49	Reptile skins	Ton	42	171	34	83
50	Untanned sheep skins	Ton	1,306	560	972	361
56	Columbite	Ton	1,051	311	945	224
60	Tin ore	Ton	11,417	4,138	12,676	4,685
64	Groundnuts	Ton	311,221	14,990	378,320	18,916
65	Palm kernels	Ton	415,906	16,940	375,835	16,913
69	Groundnut oil	Ton	3,513	267	379	37
70	Palm oil	Ton	173,010	11,291	170,145	11,910
76	Plantation rubber	'000 lb.	29,357	2,488	15,362	591
78	Benniseed	Ton	14,372	704	19,385	969
79	Cotton seed	Ton	16,551	216	2,904	37
81-130	Timber					
132,133	Logs	'000 cu.ft.	9,217	2,226	4,392	846
	Sawn	'000 cu.ft.	560	224	593	205
132	Veneers	'000 cu.ft.	83	49	128	77
141	Plywood	-	-	300	-	281
	Other commodities	-	-	965	-	708
	Total Domestic Exports //	-	-	85,474	-	78,371
	Re-exports & parcel post //	-	-	1,729	-	1,868
	Total exports and re-exports	-	-	87,203	-	80,241

// Other than Parcel Post.

* Parcel Post figures for December 1950 are not yet available.

DECLASSIFIED

TABLE 4

VALUE OF IMPORTS CLASSIFIED BY PRINCIPAL COUNTRIES OF ORIGIN, 1950 AND 1949.

	£'000	
	1950	1949
British Empire:		
United Kingdom	37,032	29,253
Australia	54	55
Canada	103	477
Ceylon	37	24
Hong Kong	340	216
India and Pakistan	3,750	3,509
Kenya	36	8
South Africa	298	165
Southern Rhodesia	199	86
Trinidad	30	1
Other British	124	79
Total British:	42,003	33,873
Foreign Countries:		
Austria	97	361
Argentine	22	16
Belgium	454	898
Chile	19	20
China	50	56
Czechoslovakia	610	783
Denmark	125	141
Finland	26	26
France	597	537
French West Africa	51	63
Germany	1,422	4,130
Hungary	30	33
Ireland, Republic of	16	35
Italy	1,213	2,080
Japan	5,837	7,468
Netherlands	1,648	1,059
Netherlands Possessions	1,785	1,367
Norway	494	319
Poland	53	487
Spain	107	200
Sweden	269	254
Switzerland	88	69
United States of America	2,487	2,436
Other Foreign	192	76
Total Foreign:	17,692	22,914
Parcel Post*	828	752

DECLASSIFIED

DECLASSIFIED

TABLE 4 (contd.)

	£'000	
	1950	1949
Grand Total	60,523	57,539

*Parcel Post figures for December 1950 are not yet available.

£ Textiles woven in Germany and Japan, but finished in U.K., were declared as of German and Japanese origin respectively in 1949, but correctly declared as of U.K. origin in 1950.

DECLASSIFIED

SECURITY

DECLASSIFIED

TABLE 5.

VALUE OF DOMESTIC EXPORTS AND RE-EXPORTS CLASSIFIED BY PRINCIPAL COUNTRIES OF DESTINATION, 1950 AND 1949.

£'000

	1950	1949
British Empire:		
United Kingdom	68,452	66,309
Canada	71	135
Gambia	20	22
Gold Coast	255	424
Sierra Leone	55	34
Southern Rhodesia	29	11
South Africa	190	381
Other British	79	102
Total British:	69,151	67,418
Foreign Countries		
Belgium	72	14
Czechoslovakia	389	233
Denmark	19	152
France	336	59
French West Africa	902	971
Germany	1,120	125
Italy	140	310
Netherlands	1,452	2,986
Spanish Guinea	37	40
Sweden	63	10
Switzerland	23	11
United States of America	13,206	7,557
Other Foreign	81	112
Total Foreign:	17,840	12,580
Ships' Stores	106	152
Parcel Post*	106	91
Exports and Re-exports, Grand Total	87,203	80,241

*Parcel Post figures for December 1950 are not yet available.

CO1015970130